

Form 62-103F1

Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to flow-through units (the “**Units**”), each Unit consisting of one flow through common share of Kootenay Zinc Corp. (the “**Company**”) and one common share purchase warrant of the Company (a “**Warrant**”).

The Company’s head office is Suite 800 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

See section 2.2.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

The acquiror is David Schmidt (“**Acquiror**”). The Acquiror’s address is 800-1199 West Hastings Street, Vancouver, BC V6E 3T5.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On October 11, 2017, the Acquiror, Chief Executive Officer and a director of the Company, acquired ownership of 5,000,000 flow-through units (the “**Units**”) at a price of \$0.05 per Unit for a total purchase price of \$250,000, each Unit consisting of one flow through common share of the Company and one common share purchase warrant of the Company (a “**Warrant**”), with each such Warrant exercisable into one common share of the Company at a price of \$0.10 per share for a period of one year pursuant to a non-brokered private placement of flow-through units for gross proceeds of \$500,000 (the “**Private Placement**”) completed and disclosed by the Company by news release on October 11, 2017. Prior to the Private Placement, the Acquiror owned and controlled no common shares (“**Common Shares**”) of the Company.

After giving effect to securities acquired by the Offeror in the Private Placement (the “**Acquired Securities**”) the Offeror beneficially owns and controls an aggregate of 5,000,000 Common Shares of the Company representing 10.29% of the 48,563,294 common shares of the Company currently issued and outstanding and 5,000,000 common share purchase warrants representing 37.74% of the 13,250,000 common share purchase warrants of the Company currently issued and outstanding. Additionally, the Offeror has stock options entitling him to acquire up to 200,000 additional common shares of the Company, at a price of \$0.20 for 100,000 and \$0.50 for the remaining 100,000, representing 7.55% of the 2,650,000 stock

options of the Company currently issued and outstanding. Including the Acquired Securities, on a partially-diluted basis, the Acquiror would own and control 10,200,000 common shares of the Company representing 18.97% of the Company's issued and outstanding common shares (on a partially-diluted).

The Acquired Securities were acquired for investment purposes only. The Offeror may, depending on market and other conditions, increase or change his beneficial ownership over the common shares or other securities of the Company through market transactions, private agreements, treasury issuances, exercise of convertible securities or otherwise. The transaction described in this news release constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* ("MI 61-101"). For this transaction the Company relied on the exemption from the formal valuation requirements of MI 61-101 contained in section 5.5(b) of MI 61-101 on the basis that no securities of the Company are listed on a specified market set out in such section, and the Company relied on the exemption from the minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(a) and 5.7(1)(b) of MI 61-101 on the basis that the fair market value of the Common Shares issued to, nor the consideration paid by the Offeror exceeded 25% of the Company's market capitalization nor did it exceed \$2,500,000.

A news release in connection with the foregoing was issued by the Acquiror on October 13, 2017 and filed with Canadian securities regulatory authorities on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

See section 2.2 above.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

See section 2.2 above.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See section 2.2 above.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) **the acquiror, either alone or together with any joint actors, has ownership and control,**

The Acquiror has ownership and control over all of the above mentioned securities.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

5,000,000 Units at a price of \$0.05 per Unit for a total purchase price of \$250,000.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See sections 2.2 and 4.1 above.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

See section 2.2 above.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**

(j) a solicitation of proxies from securityholders; or

(k) any action similar to any of those enumerated above.

See section 2.2 above. The Acquiror may acquire future ownership of, or control over, additional securities of the Company or dispose of all or a portion of the securities or related financial instruments of the Company previously acquired.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder’s fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

Not applicable.

Item 8 – Exemption

The securities were issued in reliance upon the registration and prospectus exemptions in Section 2.3 of National Instrument 45-106 - Prospectus and Registration Exemptions.

Item 9 – Certification

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 16th day of October, 2017

Signed “David Schmidt”
David Schmidt